

**CONCURRING STATEMENT OF  
COMMISSIONER RAY BAUM**

***In the Matter of High-Cost Universal Service Support, WC Docket No. 05-337; Federal-State Joint  
Board on Universal Service, CC Docket No. 96-45***

In concurring with today's interim decision capping the CETC portion of the fund, I would like to emphasize the following:

1. I underscore that today's decision is interim. The Joint Board intends to recommend major reform of the USF to the FCC within six months of the date of this decision. Parties should file their comments in response to the accompanying Public Notice within the comment periods. Parties who wait to put forward their proposals in ex parte submissions will jeopardize their consideration. The Joint Board intends to move expeditiously, and takes seriously the six month deadline for recommending major reform.
2. My support for a cap of this nature is limited to the 18 months outlined in today's decision. In several states, there are high cost rural service areas that had no CETC drawing USF support during the interim cap's 2006 base period. As a result of the cap, consumers in these rural areas may not enjoy the same quality and reliability of service that is enjoyed by rural consumers in states with earlier CETC designations. The CETC portion of the fund is now disproportionately allocated among rural consumers and states. This cap does not remedy that inequity.
3. Broadband is critical to telecommunication/information services of the future, for both rural and urban Americans. Rural ILECs have generally done a good job of making broadband available to the rural consumers they serve; non-rural ILECs generally have not. The Joint Board and commenting parties should address whether this inequity can be remedied by properly focused incentives to ETCs, both wireline and wireless, to provide necessary broadband services to all rural consumers.
4. Due to unsustainable growth pressures on the fund all ETCs should anticipate changes to current USF distribution mechanisms. The identical support rule for CETCs may not survive. Rural ILECs may no longer receive support based on their embedded costs. All parties should use the forthcoming comment periods to put forth their best ideas, describing in detail how they are to be implemented.

The Joint Board faces difficult decisions in the next six months. The best efforts of all parties in filing comments to assist the Joint Board is essential and appreciated.